

BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: April 21, 2004

Division: Management Services

Bulk Item: Yes x No

Department: Risk Management

AGENDA ITEM WORDING: Approval to accept proposal from Marsh USA for Boiler & Machinery insurance coverage through CNA at a premium of \$5,821.

ITEM BACKGROUND: This coverage provides comprehensive protection for the AC/Heating/ventilation systems for all county buildings and was previously an add-on component (at additional cost) in our property insurance package. It was broken out as a separate coverage to allow more flexibility in the property insurance bid process resulting in considerable savings on our property insurance coverage. CNA provide the best option of four markets approached.

PREVIOUS RELEVANT BOCC ACTION: approved as part of 5/1/03-5/01/04 property insurance package

CONTRACT/AGREEMENT CHANGES: premium increase of \$342

STAFF RECOMMENDATIONS: Approval

TOTAL COST: \$5821

BUDGETED: Yes x No

COST TO COUNTY: \$5821

SOURCE OF FUNDS: primarily ad valorem

REVENUE PRODUCING: Yes No x **AMOUNT PER MONTH** **Year**

APPROVED BY: County Atty *[Signature]* OMB/Purchasing *[Signature]* Risk Management *[Signature]*

DIVISION DIRECTOR APPROVAL:

Sheila A. Barker
SHEILA BARKER

DOCUMENTATION: Included x To Follow Not Required

DISPOSITION:

AGENDA ITEM # C34

Boiler & Machinery Renewal Proposal for Monroe County

Effective 5/1/2004

Presented By:

MARSH

1560 Sawgrass Corporate Parkway P.O. Box 459010 Sunrise, FL 33345-9010
Main: (954) 838-3400 Fax: (954) 838-3700

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Monroe County Executive Summary

The renewal of the Boiler and Machinery was marketed to several carriers with the following results:

- CNA – provided a quote that is presented
- Hartford Steam Boiler indicated a premium of \$15,000
- Zurich – Would be comparable to CNA but would increase the deductibles
- Lexington could include the Boiler & Machinery as part of the Property for about the same premium, \$5,500, but the limit would only be \$5,000,000. The form would not be a Boiler & Machinery form.

CNA, the incumbent carrier has provided the most cost-effective quote for the limit of \$15,000,000.

Boiler & Machinery

Effective Date:	5/1/04 to 5/1/05																
Carriers & Best's Rating:	Continental Casualty (CNA) (AXV)																
Coverage:	Comprehensive including Production Equipment																
Locations:	As per schedule																
Direct Damage Limit:	\$15,000,000 per "accident"																
Valuation:	Repair or Replacement Cost																
Total Values Utilized:	\$91,543,519																
Sub-Limits	<table> <tr> <td>\$100,000</td><td>Business Interruption Expense</td></tr> <tr> <td>\$100,000</td><td>Utility Interruption limit for direct supplies of electricity, gas, steam water, telephone</td></tr> <tr> <td>\$200,000</td><td>Expediting Expense</td></tr> <tr> <td>\$100,000</td><td>Ammonia Contamination</td></tr> <tr> <td>\$100,000</td><td>Water Damage</td></tr> <tr> <td>\$100,000</td><td>Hazardous Substance</td></tr> <tr> <td>\$100,000</td><td>Media Coverage</td></tr> <tr> <td>\$500,000</td><td>Demolition & Increased Cost of Construction</td></tr> </table>	\$100,000	Business Interruption Expense	\$100,000	Utility Interruption limit for direct supplies of electricity, gas, steam water, telephone	\$200,000	Expediting Expense	\$100,000	Ammonia Contamination	\$100,000	Water Damage	\$100,000	Hazardous Substance	\$100,000	Media Coverage	\$500,000	Demolition & Increased Cost of Construction
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Deductibles:	<table> <tr> <td>\$2,500</td><td>On direct damage except</td></tr> <tr> <td>\$5,000</td><td>At Detention Center at 5501 College Rd. Stock Island, FL</td></tr> <tr> <td>\$2,500</td><td>On Business Interruption/Extra Expense</td></tr> </table> <p>24 hours with 24 hour waiting period on Utility Interruption</p>	\$2,500	On direct damage except	\$5,000	At Detention Center at 5501 College Rd. Stock Island, FL	\$2,500	On Business Interruption/Extra Expense										
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Coverage to Include:	<ul style="list-style-type: none"> • 90 day notice of cancellation/10 days for non-payment • Joint Loss Agreement • CFC Refrigerants • Ordinance or Law • Connected & Ready for use Requirement • 90 days automatic coverage for newly acquired location / \$1,000,000 • Ordinance & Law • State mandated jurisdictional inspections to be provided by CNA • EDP 																
Exclusions: (Included but not Limited to)	<ul style="list-style-type: none"> • Sewer piping, piping forming part of a fire protection system or water piping other than <ul style="list-style-type: none"> - Feed water piping between any boiler & its feed pump injection or - Boiler Condensate return piping or - Water piping forming a part of refrigeration & air conditioning vessels & piping used for cooling, humidifying or space heating purposes 																

Boiler & Machinery (Continued)

Exclusions:
(Included but not limited to
cont.)

- From an accident that is the result of an explosion or fire
- Explosion of an Object other than:
 - any steam boiler, steam piping, steam turbine, gas turbine, steam engine, electronic steam generator
 - any machine when such loss is caused by centrifugal force or mechanical breakdown
- Nuclear or radioactive contamination
- Earth Movement
- War & Military Action
- Flood surface water, waves, tidal waves, overflow of any body of water.
- Fire or explosion that occurs at the same time as an accident on that ensues from an "accident"
- The explosion of gas or unconsumed fuel within the furnace of any boiler or fired vessel or within the passages from that furnace to the atmosphere
- Felt, wire, screen, die, extrusion plate, swing hammer, grinding disc, cutting blade, cable, chain, belt, rope, clutch plate, brake pad, non-metallic part or any part or tool subject to frequent, periodic replacement
- Aircraft or vehicles, lightning, sinkhole collapse, sprinkler leakage, windstorm or hail, freezing, weight of snow, ice or sleet
- An accident to any object while being tested
- Water or other means used to extinguish a fire
- Part of a boiler, fired vessel or electric steam generator that does not contain steam or water.
- Insulating or refractory material
- Non – metallic vessel, unless it's constructed & used in accordance with the American Society of Mechanical Engineers Code
- Catalyst
- Buried Vessel or piping
- Oven, Stove, furnace, incinerator, pot, or kiln
- Structure foundation, cabinet or compartment containing the object
- Power shovel, dragline, excavator, vehicle, aircraft, floating vessel or structure, penstock, draft tube or well casing
- Machine or apparatus that is used for research, medical, diagnostic, surgical, dental or pathological purposes
- Part of a vessel that is not under pressure of the contents of the vessel or internal vacuum
- An accident to any "object" while it is being tested

Boiler & Machinery (Continued)

Exclusions:
(Included but not limited to
cont.)

- Structure foundation, cabinet or compartment containing the object
- Power shovel, dragline, excavator, vehicle, aircraft, floating vessel or structure, penstock, draft tube or well casing
- Conveyor, crane elevator, escalator, hoist but not excluding and electrical machine or apparatus mounted on or used with this equipment
- Depletion, deterioration, corrosion or erosion
- Wear and tear
- Leakage of any valve, fitting, shaft seal, gland packing, joint or connection
- Breakdown of any vacuum tube, gas tube or brush
- The functioning of any safety or protection device.

Annual Premium:

\$5,821.